

TRANSCRIPT PREPARED BY THE CLERK OF THE LEGISLATURE
Transcriber's Office
FLOOR DEBATE

March 24, 2004 LB 893, 1049

problem. This fund has big problems. This bill is not the solution. What we should be working on is LB 893, not this bill. If you look at the chart entitled, Historical Unemployment Trust Fund Balances as a Percentage of Total Wages, look in that center column that I've circled for you, and you can see in 1997 the fund balance was \$202 million. And then as you come down through the years and into the economic recession years, the fund balance has dropped to \$103 million. Now something has got to be done about this, and it's not a piddly \$2 million or \$3 million or \$4 million related to benefits that we're giving out. What's caused the trust fund to drop so low? Obviously, increased benefits proceeding from the recession. But you know, this fund did the same thing the state Legislature did. They cut back the tax rates in the good times, and now when it's time to restore the tax rates, they're reluctant to do so. Let me show you an element of the formula that hasn't changed since 1984, and is one of the other major reasons why the money is dropping, dropping, dropping in the fund balance. That's the chart called Taxable Wage Bases for 2004. Only a certain percentage of your wage, of each employee's wage, is taxable under this fund, or for this fund. And that percentage in Nebraska is the first \$7,000. Well, most other states have raised that wage base so that the amount of taxes generated increases. Obviously, if you don't raise the wage base, the amount of tax over time is going to decrease. So the wage base in Nebraska now, as you can see, is tied for forty-third in the nation. We're at the very bottom of the wage base scale. If we took reasonable action to raise the wage base over the next three or four years, \$500, \$1,000 at a time for three or four years, the fund would be restored, in large part. That's what we need to be doing. That's what we should be concentrating on this year, not going back and nickel and diming the fund and trying to squeeze out some more benefits from low-wage workers. Why don't we get the fund right? Why don't we go to the problem and deal with first things first?

SENATOR CUDABACK: One minute.

SENATOR BEUTLER: The first thing that has to be done is to make this fund right. So Senator Cunningham, I appreciate that there may be differences in philosophy. But I don't think you should